

ASSOCIATED INDUSTRIES OF FLORIDA
**LEGISLATIVE
INTERIM BRIEF**



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DAILY INTERIM LEGISLATIVE BRIEF FROM FEBRUARY 19, 2001
SOURCE: ASSOCIATED INDUSTRIES OF FLORIDA

A joint workshop was held by the House committees on Banking, Insurance and State Administration to discuss implementation of the constitutionally mandated reorganization of the Florida Cabinet. In November 1998, the voters approved Constitutional Revision Eight restructuring Florida's Cabinet and the merging cabinet offices of the Treasurer and the Comptroller into one Chief Financial Officer (CFO). These revisions will become effective January 7, 2003. The new Cabinet structure will consist of the Chief Financial Officer, the Attorney General, the Agriculture Commissioner and the Governor. The offices of an elected Secretary of State and Commissioner of Education will be eliminated from the cabinet. The consolidation of the Treasurer and Comptroller's constitutional duties into the newly created CFO will produce a statewide elected office with substantial responsibilities. In addition, the CFO will participate in the colloquial duties to oversee the Florida Retirement System, the state's bonding programs, executive clemency, the state's land acquisition programs, as well as the Departments of Revenue, Law Enforcement, Veteran's Affairs and Highway Safety and Motor Vehicles. The language in Constitutional Revision Eight merging the cabinet offices of the Treasurer and Comptroller did not contemplate or provide direction as to how the statutory responsibilities currently assigned individually to the Treasurer and Comptroller should be treated. Therefore, the Florida Legislature has wide latitude in how the statutory functions of the Comptroller and Treasurer are collapsed together or removed from the Chief Financial Officer cabinet position. The committees discussed their draft proposal, which is similar to legislation considered by the House last year (which did not pass). The draft proposal creates an executive director with ministerial oversight over three department deputies, one each for banking, insurance and securities. The executive director would be subject to appointment by the Governor and approval by the Senate. The three department deputies would have the power of final agency action and oversee the statutorily mandated regulatory oversight of the three industries. The executive director, according to the proposal would report to the Cabinet. Under extraordinary circumstances, a regulatory action by one of the departments could be appealed to the Cabinet, which would enjoy the power of a veto over the disputed regulatory action. There are those arguing that the newly created state CFO should absorb both the constitutional powers and the regulatory powers over insurance, banking and securities, as well. A constitutional CFO with these additional regulatory powers would provide for unwanted political, operational and regulatory burdens that are simply too great for one government officer. In addition, one could argue that in many respects, such an office would have more "rubber hits the road" powers than the office of the governor. While AIF would like to see further details as the issue progresses, this proposal seems to be heading in the right direction. This proposed structure provides for the simplification and consolidation of governance, a desire expressed by the vote of the people in 1998, while at the same time providing for the necessary public and legislative oversight of the executive director and, by extension, the department deputy selection process. In addition, this structure provides for a fair and equitable regulatory environment for the insurance, securities and banking industries while in no way diminishing the historic oversight and enforcement authority practiced by the current Treasurer and Comptroller.

It is expected that the committees will hold additional workshops on this issue.

Please send your comments or suggestions to us at aif@aif.com or call the Governmental Affairs department at (850)224-7173.

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